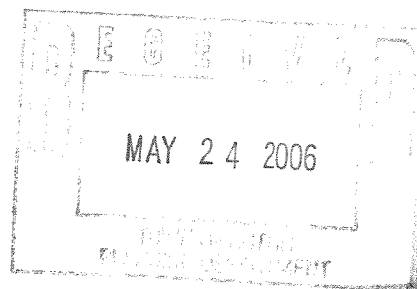


# MASSDEVELOPMENT



## **Certified**

160 Federal Street  
Boston, Massachusetts  
02110

May 19, 2006

Ken Sghia-Hughes  
Planning Board Chair  
Town of Acton  
472 Main Street  
Acton, MA 01720

Tel: 617-330-2000  
800-445-8030  
Fax: 617-330-2001  
617-451-3429

www.massdevelopment.com

Dear Mr. Sghia-Hughes:

On May 18, 2006 the Massachusetts Development Finance Agency gave preliminary approval to issue a revenue bond on behalf of AVB Acton FS, Inc. The proposed project would be located in Acton, Massachusetts at the address(es) listed on the attached summary included for your information. The bond would be issued pursuant to Chapter 23G and 40D of the General Laws.

Section 12(2) of Chapter 40D requires that the MassDevelopment (successor to the MIFA) board "shall consult with the appropriate local and regional planning agencies to ascertain the relationship of a proposed project to any existing state, local or regional comprehensive plan."

MITT ROMNEY  
Governor

KERRY HEALEY  
Lieutenant Governor

RANDY C. KIMBALL  
Chairman

ROBERT L. CULVER  
President/CEO

The purpose of this letter is to notify you of the project and to request that if the proposed project conflicts with an existing local or regional comprehensive plan, you so advise us. If you would like further information on the project, or if you would like the Board to consider any comments you may have prior to our considering Final Approval on the application, please give me a call.

Sincerely,

Steven J. Chilton  
Senior Vice President

Enclosure: Summary

cc: Goulston & Storrs  
400 Atlantic Avenue  
Boston, MA 02110  
Attn: Steven Schwartz, Esq.

SJC/kh

Meeting Date: May 18, 2006

**AVB ACTON FS, INC.**

**REQUEST:** To assist the applicant in financing an affordable housing project, approval of the proposed project for a MassDevelopment Tax-Exempt Bond issue is requested.

This project will need an allocation of state volume cap from the Executive Office for Administration & Finance.

|                                   |                        |
|-----------------------------------|------------------------|
| <b><u>Borrower:</u></b>           | <b><u>User(s):</u></b> |
| AVB Acton FS, Inc.                | Same                   |
| 2900 Eisenhower Avenue, Suite 300 |                        |
| Alexandria, VA 22314              |                        |

**PROJECT LOCATION:** 80-82 Nagog Park Drive  
Acton, MA 01720

**PROJECT:** Proposed is the construction of 380 rental housing units to be known as Avalon Acton. The facility will consist of ten garden style ¾ story split buildings and one double-loaded corridor ¾ story split building on 68 acres of land. The facility will consist of 192 one-bedroom units and 188 two-bedroom units. Seventy-six units will be designated affordable and will be leased to households with incomes equal to or less than 50% of the area median income.

**GUIDELINE ISSUES:** None

|                                   |                                 |                     |
|-----------------------------------|---------------------------------|---------------------|
| <b><u>SOURCES &amp; USES:</u></b> | <b><u>Sources:</u></b>          |                     |
|                                   | MassDevelopment tax-exempt bond | \$45,000,000        |
|                                   | Cash Equity                     | <u>25,458,203</u>   |
|                                   | <b>Total</b>                    | <b>\$70,458,203</b> |

|                            |                     |
|----------------------------|---------------------|
| <b><u>Uses:</u></b>        |                     |
| Construction               | \$47,532,925        |
| Land                       | 13,300,000          |
| Capitalized interest       | 2,434,599           |
| Developer overhead         | 2,333,966           |
| Survey and permits         | 1,119,713           |
| Bond Issuance costs        | 1,000,000           |
| Easement rights            | 874,000             |
| Architecture & engineering | 625,000             |
| Marketing & Rent up        | 500,000             |
| Legal                      | 375,000             |
| Insurance                  | 175,000             |
| Real Estate Taxes          | 125,000             |
| Miscellaneous soft costs   | <u>63,000</u>       |
| <b>Total</b>               | <b>\$70,458,203</b> |

**BOND AMOUNT:** \$45,000,000

EMPLOYMENT:

|                           |    |
|---------------------------|----|
| Current employment:       | 0  |
| Projected new employment: | 10 |

SPONSOR PROFILE:

AvalonBay Communities, Inc. is a real estate investment trust focused on owning, operating, and developing quality apartment communities. Target market areas are the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, Northern California and Southern California. As of December 31, 2005, AvalonBay owned or held interest in 158 apartment communities containing 45,474 apartment homes in ten states and the District of Columbia. AvalonBay Communities, Inc.'s common stock trades on the New York Stock Exchange and the Pacific Exchange. AvalonBay was first incorporated in 1978, and currently maintains offices in California, Connecticut, Massachusetts, Illinois, New York, New Jersey, Washington and Virginia.

PUBLIC PURPOSE  
BENEFIT:

The proposed project will provide 380 new units of housing, with 76 units affordable to households earning up to 50% of the area median income.

PRINCIPALS:

Bryce Blair, Chairman and Chief Executive Officer  
Timothy J. Naughton, President

BOARD ACTION:

Make the statutory findings and approve the resolution  
Authorizing Official Action for a MassDevelopment  
Tax-Exempt Bond.